

Message Text

SECRET

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ACTION SS-30

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FM AMEMBASSY KINGSTON

TO SECSTATE WASHDC IMMEDIATE 3668

S E C R E T SECTION 1 OF 2 KINGSTON 0034/1

EXDIS

E.O. 11652: GDS

TAGS: PINT, EMIN, JM

SUBJ: BAUXITE COMMISSION AND GOJ BAUXITE POLICIES

REF: KINGSTON 0021

1. HERewith MY OWN CONCLUSIONS BASED ON RECENT EVENTS AND CONVERSATIONS ON THIS SUBJECT OVER THE PAST TWO WEEKS.

2. PM MANLEY'S ANNOUNCEMENT TODAY THAT CONTRACTS WITH BAUXITE COMPANIES WILL BE RE-NEGOTIATED MAKES IT CLEAR THAT A MAJOR CHANGE IS IN THE OFFING IN THE CONDITIONS UNDER WHICH THE BAUXITE/ALUMINA INDUSTRY OPERATES IN JAMAICA. WHETHER THIS CHANGE WILL BE A MODERATE AND NEGOTIATED ONE WITH WHICH ALL PARTIES CAN LIVE , OR WHETHER IT CONSTITUTES A RADICAL DEPARTURE FROM CURRENT CONDITIONS, HANGS IN THE BALANCE. THERE ARE DEEP DIVISIONS WITHIN THE GOJ ON THIS ISSUE. THUS FAR THE MODERATES FAR OUTNUMBER THE RADICALS AND HOLD THE HIGH GROUND, AS IT WERE. DESPITE THEIR WEAKNESS, THE RADICALS HOLD THREE STRONG CARDS, HOWEVER. ONE IS SIR EDGERTON RICHARDSON WHOSE WILL, INTELLIGENCE, AND FANATACISM MAKE HIM A FORMIDABLE FACTOR IN THE PRESENT SITUATION. THE SECOND ONE IS PRIME MININSTER MANLEY HIMSELF, WHOSE PERSONAL IDEALOGY AND THIRD WORLD ROMANTICISM WOULD PROBABLY CARRY HIM IN A NATION-ALIST AND SOCIALIST DIRECTION IF NOT RESTRAINED BY OTHER FACTORS. THE THIRD STRONG CARD HELD BY THE RADICALS MIGHT BE CALLED THE MOTHERHOOD FACTOR; IT IS SIMPLY HARD FOR EVEN THE MOST MODERATE ELEMENTS TO OPPOSE ACTION DESCRIBED AS PROTECTING THE JAMAICAN PATRIMONY.

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3. MANLEY'S ACTION IN CALLING UPON THE BAUXITE COMMISSION TO COME FORWARD WITH ITS SUMMARY CONCLUSIONS, AFTER A MEMBER OF THE COMMISSION HAD TOLD AN EMBASSY OFFICER IN LATE NOV THAT THE REPORT WAS SIX

MONTHS AWAY, COULD HAVE BEEN THE RESULT OF SEVERAL CONSIDERATIONS. BY EARLY DEC MANLEY WAS ALREADY AWARE THAT THE FUEL CRISIS WAS GOING TO HAVE A DISASTROUS AFFECT ON JAMAICA'S FOREIGN EXCHANGE POSITION AND AN INCREASE IN THE TAKE FORM BAUXITE/ALUMINA MAY WELL BE THE ONLY WAY TO COMPENSATE. IT IS, OF COURSE, POSSIBLE THAT, AS ISAACS STATED IN REFTEL, THERE WAS AN ELEMENT OF COLLUSION BETWEEN MANLEY AND FORBES BURNHAM, WHO WAS VISITING JAMAICA ABOUT THE TIME MANLEY ORDERED THE COMMISSION TO PREPARE A SUMMARY DOCUMENT AND WHO ANNOUNCED HIS OWN MOVES AGAINST REYNOLDS IN GUYANA AT ABOUT THE SAME TIME. IT IS ALSO REMOTELY POSSIBLE THAT MANLEY AND EDGERTON RICHARDSON MAY BELIEVE THAT JAMAICA MAY BE NEAR MAKING A DEAL WITH HSI THIRD WORLD COOLEAGUES (PRIMARILY LIBYA'S KHADAFI) WHICH WOULD HELP JAMAICA WITH BOTH THE ENERGY CRISIS AND THE PROCESSING OF JAMAICAN BAUXITE.

4. IF THINGS SHOULD DEVELOP AS SUGGESTED IN THE FOREGOING, MANLEY'S TACTICS MAY BE DOOMED TO FAILURE WHEN ALLAN ISAACS' STRATEGY COMES INTO PLAY, (REFTEL), ACCOMPANIED BY A PREDICTABLY LARGE OUTCRY FROM THE MORE CONSERVATIVE BUSINESS COMMUNITY WHICH HAS A LARGE STAKE IN CONTINUING FRIENDLY RELATIONS WITH FOREIGN (NORTH AMERICAN) FINANCIAL INSTITUTIONS. THE COMBINATION OF MANLEY AND RICHARDSON SHOULD NOT BE UNDERRATED, HOWEVER, FOR MANLEY HAS A HISTORY OF PREEMPTING HIS OPPOSITION BY SIMPLY MAKING A PUBLIC ANNOUNCEMENT AND LEAVING HIS CABINET TO PICK UP THE PIECES.

5. IN ANY EVENT MANLEY'S ANNOUNCEMENT AND THE BAUXITE COMMISSION'S REPORT ARE LIKELY TO TOUCH OFF A MAJOR DEBATE WITHIN THE COUNCILS OF THE GOVERNMENT. THE DEBATE IS LIKELY TO REMAIN PRIMARILY INTERNAL TO THE GOVERNMENT AND THE PNP. THE JLP MAY TAKE ADVANTAGE OF THE SITUATION TO SNIPE AT THE GOVT, BUT IT WILL BE IN NO HURRY TO TAKE STRONG POSITIONS ON AN ISSUE AS LOADED WITH EMOTION AND UNCERTAINTIES AS THIS ONE.

6. I BELIEVE BOTH WE AND THE BAUXITE COMPANIES SHOULD STAND ASIDE WHILE THIS INTERNAL SCRIMMAGE IS GOING ON. WHEN ONE SIDE OR THE OTHER EMERGES FIRMLY IN POSSESSION OF THE BALL THERE WILL BE
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TIME ENOUGH FOR THE DEVELOPMENT AND COORDINATION OF POSITIONS AND TACTICS. I ESPECIALLY FEEL IT WOULD BE A MISTAKE FOR THE COMPANIES TO BE FRIGHTENED INTO COMING THROUGH WITH A "QUICKIE" OFFER OF SOME KIND BY RUMORS OR SCARE TACTICS. SUCH A COURSE WOULD BE REGARDED AS WEAKNESS BY MANLEY AND STRENGTHEN THE FUNDAMENTALLY WEAK HAND OF THE RADICALS.

7. ASSUMING THE MODERATES EMERGE WITH THE BALL I THINK THE

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S E C R E T SECTION 2 OF 2 KINGSTON 0034/2

EXDIS

COMPANIES SHOULD BE PREPARED TO NEGOTIATE SERIOUSLY, AND THE SOONER THE BETTER. IN THE SHORT RUN MANLEY AND HIS GOVT ARE UNDER ENORMOUS PRESSURE FROM THE ENERGY CRISIS, INFLATION, AND THE PECULIARITIES OF THE ISLAND'S HISTORY AND ECONOMY. A SOLUTION THAT MADE SOME REAL CONTRIBUTION TO ALLEVIATING THEIR CURRENT DIFFICULTIES, AND WHICH THEY COULD PORTRAY AS A VICTORY, WOULD BE MOST ATTRACTIVE. IN THE LONGER RUN THE ECONOMIC DIFFICULTIES MAY SHUNT THE GOVT TOWARDS THE LEFT AND HIGHER COSTS FOR OIL WILL CERTAINLY INCREASE ITS APPETITE FOR A GREATER TAKE FROM THE INDUSTRY. IN ADDITION MANLEY MIGHT JUST PULL OFF SOME KIND OF DEAL WITH THE ARABS OR NORTH AFRICANS, AS HE APPARENTLY HOPES TO DO. SUCH A SUCCESS WOULD GREATLY STRENGTHEN BOTH HIS POLITICAL POSITION AND HIS CONFIDENCE IN THIRD WORLD SOLUTIONS TO JAMAICA'S PROBLEMS.

8. NEEDLESS TO SAY, NEITHER THE USG NOR OPIC SHOULD BECOME INVOLVED IN THE UPCOMING NEGOTIATIONS AS A PARTY, AND SHOULD RESIST ATTEMPTS BY EITHER SIDE TO DRAW THEM INTO SUCH A ROLE. HOWEVER THE GOOD OFFICES OF BOTH THE USG AND OPIC ON BOTH SIDES ARE LIKELY TO BE EXTREMELY IMPORTANT AND, INDEED, COULD BE THE CRITICAL FACTOR IN DETERMINING THE OUTCOME.

9. IT IS PRESUMPTUOUS TO SUGGEST A NEGOTIATING POSITION FOR THE COMPANIES, BUT THEY MAY WISH TO CONSIDER FOCUSING THEIR EFFORTS ON AN AGREEMENT THAT WOULD GUARANTEE STABILITY TO THE INDUSTRY FOR SOME SPECIFIC PERIOD, SAY TEN TO FIFTEEN YEARS. SUCH A COMMITMENT WOULD BE SO VALUABLE TO THEM THAT THEY SHOULD BE IN A POSITION TO MAKE SUBSTANTIAL CONCESSION IN THE REVENUE AREA, AND SOME CONCESSIONS WITH RESPECT TO THE DISPOSITION OF LANDS AND

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RESERVES. THE QUESTION ARISES WHETHER THE PNP IS IN A POSITION TO GUARENTEE STABILITY BEYOND ITS OWN TERM OF OFFICE. IT IS A LEGITIMATE ONE, BUT I THINK THE ANSWER IS YES. JAMAICA HAS A PATTERN OF TWO TERM GOVERNMENT. EVEN IF THE JLP SHOULD WIN IN 1977 IT STANDS TO THE RIGHT OF THE PNP ON MOST ECONOMIC ISSUES, AND HENCE WOULD BE UNLIKELY TO OVERTURN SUCH A PNP COMMITMENT. ROBERT LIGHTBOUNRE, WHO HOPES TO START A THIRD PARTY, STANDS STILL FURTHER TO THE RIGHT. THERE IS NO PARTY TO THE LEFT OF THE PNP AND NONE IS LIKELY TO APPEAR. IN THE REMOTE CONTINGENCY THAT THE FEW MARXISTS OR BLACK POWER WEIRDOS TO BE FOUND IN JAMAICA SOMEHOW MANAGE TO GET CONTROL OF THE GOVT ALL BETS WOULD BE OFF ANYHOW, NOT ONLY THIS ONE.

10. THE COMPANIES MAY ALSO WISH TO CONSIDER HIRING, EITHER COLLECTIVELY OR SEPERATELY, A NEGOTIATOR WHO COULD PROTECT THE INTERESTS OF THE INDUSTRY BY HARD BARGAINING, BUT WHO IS PERSONALLY KNOWN TO AND HIGHLY RESPECTED BY PRIME MINISTER MANLEY AND OTHER MEMBERS OF THE CABINET. (JOHN CONNOLLY'S NAME IMMEDIATELY COMES TO MIND, BUT THERE MIGHT BE OTHERS WILLING AND ABLE TO DO THE JOB .) IN ANY EVENT THE COMPANIES SHOULD SEEK SOME DISCRETE MEANS OF RESOLVING THE DIFFERENCES AND CONTRADICTIONS IN THEIR RESPECTIVE POSITIONS. FAILURE TO OVERCOME THESE DIFFERENCES INVITES DEFEAT.
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